GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4097
ANSWERED ON:14.12.2001
SEBI`S OPEN OFFER CLAUSE FOR DISINVESTMENT COMPANIES
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether SEBI has made up final position regarding open offer clause for Disinvestment companies;

(b) if so, the details in this regard with its impact on small investors;

(c) whether such open offer were offered during CMC acquisition;

(d) if so, the details; and

(e) if not, the reasons for the same?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b)The Securities and Exchange Board of India (SEBI) notified amendments to the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 on August 17, 2001 and September 12, 2001, to facilitate the open offer process to acquire shares from shareholders pursuant to disinvestment of a PSU by the Central Government.

The Department of Disinvestment has requested SEBI to modify the parameters for determination of offer price, which is under examination of the SEBI Board.

(c) & (d) Pursuant to the share purchase agreement entered into by Tata Sons Ltd. (TSL) with the Central Government for acquisition of CMC Ltd., TSL made a public announcement on October 13, 2001for acquisition of 16.69% (balance) voting capital of CMC Ltd. at an offer price of Rs. 281.26 per share. The offer opened on November 27, 2001 and closes on December 26, 2001.

(e) Does not arise.